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For Immediate Release

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**STATEMENT OF RICHARD J. STRASSER, JR.,
CHIEF FINANCIAL OFFICER AND EXECUTIVE VICE PRESIDENT,
IN RESPONSE TO GENERAL ACCOUNTING OFFICE'S "HIGH-RISK" UPDATE**

We welcome the General Accounting Office's recent review of the challenges facing the Postal Service. The report helps to keep the focus on finding solutions to those challenges.

Since GAO's initial report in 2001, the Postal Service drafted a Transformation Plan to outline strategy to meet the challenges reported by GAO. We welcome GAO's recognition that we have made substantial progress implementing that plan, within the boundaries of what is possible under current law, as outlined below:

- **Operational Efficiency:** During fiscal year 2002, our Output per Workhour grew by 2.2% and Total Factor Productivity improved by 1.1%. The Total Factor Productivity increase is equivalent to \$700 million in expense reductions and marks our third straight year of positive Total Factor Productivity growth. During the same period, we reduced career employment by 23,000 positions, for a total reduction of 45,000 positions over three years.
- **Cost Control:** By better aligning resources against workload, we were able to reduce a projected net loss of \$1.35 billion by half—to \$676 million—during fiscal year 2002, despite the fact that the addresses we serve grew by 1.8 million. And, for the first time in 31 years, operating expenses were reduced below the previous year's. We are well on our way to taking \$5 billion in costs out of our system by the end of 2006.
- **Debt Reduction:** In fiscal year 2002, we decreased our outstanding debt by \$200 million, reversing a five-year trend of increasing debt each year. Our plan calls for additional debt reduction of at least \$800 million this year.
- **Maintaining Service:** Despite the financial challenges we are facing, driven primarily by declining mail volume growth and expansion of the number of homes and business we serve, overall service performance was at record levels in fiscal year 2002. So far this year, service is even exceeding last year's levels

Each of these achievements represents progress against specific elements of our Transformation Plan. We will continue our focused efforts to implement the Plan, both today and over the coming years. We are also working closely with the President's Commission on the U.S. Postal Service as it identifies the operational, structural, and financial challenges facing the Postal Service; examines potential solutions; and recommends legislative and administrative steps to ensure the long-term viability of postal service in the United States.

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